

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE REGULATORY IMPACT)
OF THE TAX CUTS AND JOBS ACT OF 2017 ON) PSC DOCKET 17-1239
RATE REGULATED UTILITIES AND CUSTOMERS)
(FILED DECEMBER 29, 2017))**

**PETITION OF THE DELAWARE PUBLIC SERVICE COMMISSION STAFF
REQUESTING THE COMMISSION TO OPEN A LIMITED REGULATORY
REVIEW FOR EACH RATE REGULATED UTILITY SUBJECT TO THE TAX
CUTS AND JOBS ACT OF 2017 (“TCJA”).**

Pursuant to the general responsibilities assigned by the Public Service Commission, the PSC Staff (“Staff”) respectfully submits this petition (“Petition”) requesting the Commission to order a limited regulatory review for each Delaware rate regulated utility subject to the new Tax Cuts and Jobs Act (“TCJA”) of 2017, signed into law on December 22, 2017.

BACKGROUND

1. On December 22, 2017, President Donald Trump signed the Tax Cuts and Jobs Act of 2017 into law. The TCJA provides for a myriad of tax law changes to become effective in early 2018 for both individuals and corporations. For regulated utilities, the law permits a reduction of the corporate tax rate from 35% to a permanent flat rate of 21% for a reduction of 14%. The corporate tax rate plays an important role in the setting of customer rates and such a significant reduction in corporate tax expense and the impact on utility rates should not be overlooked. In addition there are other changes within the tax law which can also impact utility rates including depreciation changes that permits full and immediate expensing of short lived capital investments for the next five (5) years.

2. Under existing rates, the revised tax law changes will generate additional revenue for utilities and without a regulatory review the regulated utilities would be free to spend the

additional revenues without regard to any customer rate impacts or potential savings for customers. Without review, utilities would have options such as increasing or accelerating capital spending or to return additional financial benefits to shareholders. Staff recommends the Commission order a limited regulatory review of the rates of each rate-regulated utility that is subject to the TCJA to ensure that ratepayers and the utility receive the appropriate benefit of the TCJA's reduction of the tax burden on corporations. Without the Commission's attention to this matter, existing rates that are continued with customers may be unjust and unreasonable in view of the new TCJA and its financial impacts on the utilities.

REQUESTED RELIEF

WHEREFORE, in view of the significant impacts of the TCJA, the Staff respectfully requests the Commission to order a limited regulatory review of each rate regulated utility that is subject to the tax code changes provided by the TCJA. The Commission should require each rate regulated utility to submit a limited filing, to address the impacts of the new tax law and any potential rate changes by no later than March 31, 2018. A recommended order for Commission consideration is attached.